The National Battlefields Commission
Quarterly Financial Report
For the quarter ended December 31, 2014

Statement outlining results, risks and significant changes in operations, personnel and programs

Introduction

The National Battlefields Commission Mandate

The Commission was established in 1908 under the *Act respecting the National Battlefields in Quebec*. The Commission is a departmental corporation named in Schedule II of the *Financial Administration Act*.

The Commission's mandate is to ensure that all the cultural, recreational and natural resources of the Battlefields Park are developed in the best interest of Canadians and that the image of the Government of Canada is strengthened without compromising the historic character of the site. To achieve that goal, the Commission will acquire, preserve and develop the great historic battlefields in Quebec. In addition to Internal Services, the National Battlefields Commission has two program activities: « Conservation and Development » and « Public Education and Services ».

Further information on the mandate, roles, responsibilities and programs of The National Battlefields Commission can be found in the National Battlefields Commission's *2014-2015 Main Estimates*, available on the following website: http://www.tbs-sct.gc.ca/ems-sgd/me-bpd/20142015/me-bpd-eng.pdf page 221.

This quarterly financial report:

- should be read in conjunction with the *2014-2015 Main Estimates* and *Canada's Economic Action Plan 2012 (Budget 2012)*;
- has been prepared by management of The National Battlefields Commission as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board;
- has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Commission's spending authorities granted by Parliament and used by the Commission consistent with the Main Estimates for the 2014-2015 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Commission uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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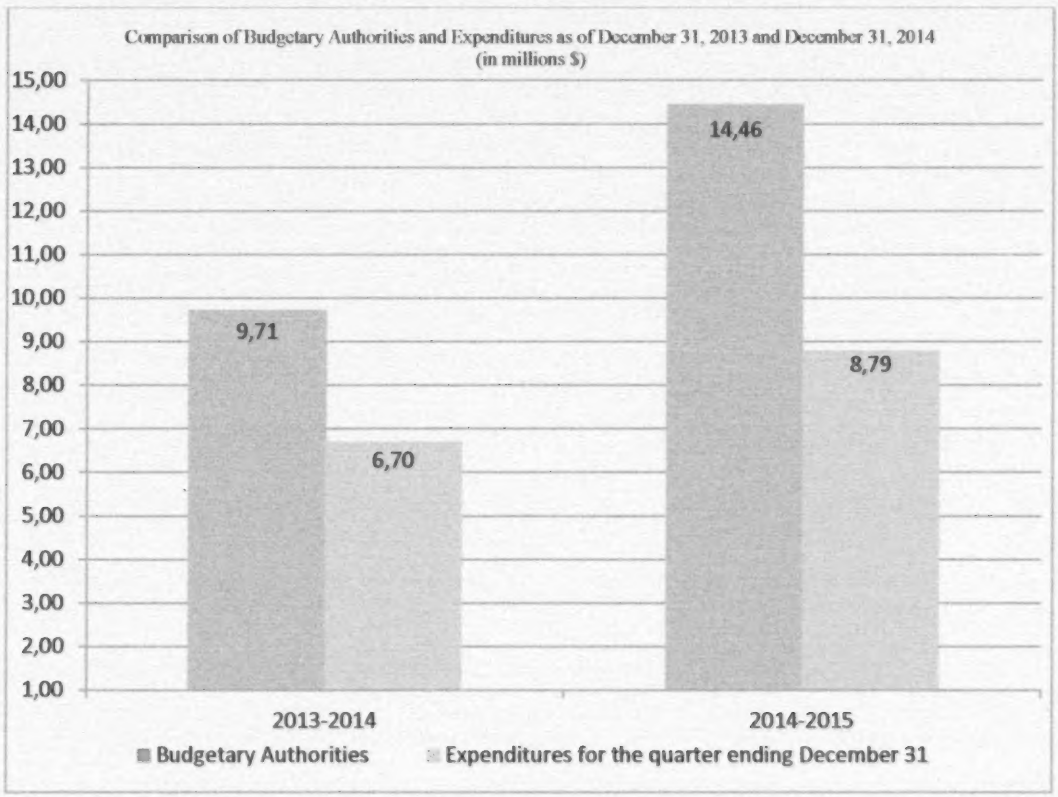
Highlights of fiscal quarter and fiscal year to date (YTD) results

This section highlights the significant items that contributed to the net increase in resources available for the year and the net increase in actual expenditures for the quarter ended December 31, 2014.

Graph 1 :



Graph 1 outlines the budgetary authorities which represent the resources available for use for the year as of December 31.

Authorities' analysis

As at December 31, 2014, total authorities available for the year were up $4.75 million from the same quarter of the prior year, from $9.71 million to $14.46 million. This increase was due to an increase in the operating budget of $4.76 million and a decrease of the employee benefit plan (EBP) of $0.01 million.

The variation in the operating budget of $4.76 million comes from the combination of a net budget increase in the amount of $4,810,000 in 2014-2015 for the redevelopment of Gilmour Hill to permit its year-round opening and the creation of a multi-purpose interpretive trail in Battlefields Park (T.B. 836990) and an increase in the allocated amount for salaries of $1,128 following the negotiations of the collective agreement. Furthermore, the operating budget carry forward decreased by $36,450 and there was a decrease of $10,010 from the combination of a $10,000 cut following the overall Web renewal initiative and a $10 cut (interest charges).

Budgetary expenditures analysis

Compared to the previous year, total budgetary expenditures recorded at the end of the quarter, ending December 31, 2014 increased from $6.70 million to $8.79 million as per the Table of departmental budgetary expenditures by Standard Object. This $2.09 million increase represents a growth of 31% and is the result of favourable and unfavourable variances of the last two quarters.

The most significant increase was in *Acquisition of land, buildings and works* ($2,409,338) due to the redevelopment of Gilmour Hill.

Furthermore, a part of the increase in the standard object *Other subsidies and payments* is due to a one-time transition payment ($116,022) for implementing salary payment in arrears by the Government of Canada.

The most significant decrease is in the standard object of *Personnel* ($396,371) due mainly to payments made in 2013-2014 for the liquidation of severance pay as outlined in the collective agreement signed October 29, 2012 and to certain measures taken to reduce the workforce in order to respect the payroll.

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 20, 2014.

Significant changes in relation to operations, personnel and programs

The 2014-2015 budget proposed by management and approved by the Board of Directors on March 19th, 2014 brought significant changes to the organization. This budget reflects reductions in anticipated revenues, wage and operating budget freezes and the willingness of the Commission to maintain quality services to park users. With an already reduced budget of $800,000 (rounded) as part of the government's initiatives to reduce the deficit, the Commission anticipates lower parking revenues and a budget freeze. An analysis of the various operating budget items in such a context of fiscal austerity shows very little leeway.

To remedy this situation, the Commission does not intend to reduce its services to the public. Instead it will draw on its operating budget and it will focus on reorganization as a measure of downsizing. Special non-recurring projects will be limited. The Commission had to abolish two permanent positions as of April 1st, 2014. Furthermore, no student hiring was made in certain sectors, an employee saw his hours reduced in the fall of 2014 and a currently vacant seasonal day labourer position will not be filled.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and businesses to deal with their government; and, modernize and reduce the back office.

Budget 2012 announced that the National Battlefields Commission would save $800,000 (rounded) by 2014-2015, under government initiatives to reduce the deficit.

Here, more specifically, is how the Commission will achieve the reduction objective and cut its budget by 10% over two fiscal years for a total saving of $755,000. It is important to note that the Commission will not decrease the services it offers the public. Instead, it is drawing from its capital budget and using the 2012-2013 reorganization to rationalize its workforce.

The decision made in 2012 by the Québec Port Authority to terminate the agreement to operate and run Brown Basin (unrelated to the budget) allows the Commission to shrink its human resources investment there.

The position of development and environment advisor will not be maintained with the incumbent's departure. The currently vacant mason position will not be filled either. Including benefits, savings will be of the order of $156,000.

A review of certain operating budget items indicates that there is very little flexibility, allowing only for a possible reduction in long-term investment in non-recurring special projects. About $599,000 will be cut, starting in fiscal year 2013-2014.

It goes without saying that these budget cuts are significant. The Commission wished to limit the impact on employees and the public as much as possible, but various projects, including infrastructure renewal, will have to be spread over a greater number of years. Be that as it may, the Commission is maintaining its objectives with regard to conserving and enhancing its territory. Urgent priority work will go on and an effort will be made to minimize safety risks to users and keep facilities in compliance.

Approval by Senior Officials

Approved by:

The original version was signed by:
André Beaudet, Secretary – Director General

The original version was signed by:
Paule Veilleux, Director of administration

Québec, Canada
February 25, 2015

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Statement of Authorities (unaudited)

	Fiscal year 2014-2015			Fiscal year 2013-2014		
(In thousands of dollars)	Total available for use for the year ending March 31, 2015 *	Used during the quarter ended December 31, 2014	Year to date used at quarter end	Total available for use for the year ending March 31, 2014	Used during the quarter ended December 31, 2013	Year to date used at quarter end
Program expenditures	12 253	1 610	7 171	7 488	972	4 955
Contributions to employee benefit plans	360	90	270	371	93	278
Expenditures pursuant to subsection 29.1(1) of the Financial Administration Act	1 850	405	1 344	1 847	403	1 464
Total authorities	14 463	2 105	8 785	9 706	1 468	6 697

* Includes only Authorities available for use and granted by Parliament at quarter end.

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Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended December 31, 2014	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2014	Expended during the quarter ended December 31, 2013	Year to date used at quarter end
Expenditures:						
Personnel	2 546	868	2 954	2 555	870	3 349
Transportation and communications	125	37	88	125	40	92
Information	300	44	144	250	46	171
Professional and special services	740	117	390	700	129	394
Rentals	220	31	81	217	34	73
Puchased repair and maintenance	900	142	328	900	170	383
Utilities, materials and supplies	912	99	399	1 000	111	432
Acquisition of land, buildings and works	5 970	752	2 525	1 207	51	115
Acquisition of machinery and equipment	150	13	46	152	17	38
Transfer payments	-	-	-	-	-	-
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	2 600	2	1 830	2 600	-	1 650
Total Expenditures	14 463	2 105	8 785	9 706	1 468	6 697